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LISTING STATEMENT NO. 2583

LISTED DECEMBER 1, 1972.
250,000 7.25% Cumulative Redeemable Preferred Shares
of the par value of \$20 each.
Stock Symbol NFT PR A
Post Section 10

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

NEWFOUNDLAND TELEPHONE COMPANY LIMITED

Incorporated under the laws of Newfoundland
Memorandum and Articles of Association dated May 31, 1919

CAPITALIZATION AS AT SEPTEMBER 30, 1972

CAPITAL STOCK	Authorized	Issued and Outstanding	To be Listed
7.25% Cumulative Redeemable Preferred Shares of the par value of \$20 each	250,000 shares (\$5,000,000)	250,000 shares	250,000 shares
Ordinary Shares of the par value of \$5 each	9,000,000 shares (\$45,000,000)	5,082,259 shares (\$25,411,295)	—
First Mortgage Sinking Fund Bonds	\$21,000,000	\$19,902,000	—
First Mortgage Bonds	\$ 9,000,000	\$ 9,000,000	—

November 27, 1972.

1. APPLICATION

NEWFOUNDLAND TELEPHONE COMPANY LIMITED (hereinafter called the "Company") hereby makes application for the listing upon The Toronto Stock Exchange of 250,000 7.25% Cumulative Redeemable Preferred Shares of the par value of \$20 each in the capital stock of the Company all of which said shares are outstanding as fully paid and non-assessable.

2. HISTORY

The Company was incorporated May 31, 1919, under the name of the Avalon Telephone Company, Limited by Memorandum and Articles of Association, to carry on the business of a telephone, telegraph and electric light, heat and power supply company. The name of the Company was changed, pursuant to and in accordance with the provisions of The Companies Act of Newfoundland, to Newfoundland Telephone Company Limited.

3. NATURE OF BUSINESS

The Company owns and operates the principal telephone and communication system in the Province of Newfoundland. The Company provides communication services to areas in which approximately 68% of the Province's population reside including St. John's and most other urban centres. The remaining areas of the Province are served primarily by Canadian National Telecommunications. At December 31, 1971, the Company had 100,664 telephones in service, 97% of which were dial operated. Of this total, 70,753 or approximately 70% were residence telephones and 29,911 or approximately 30% were business telephones. The Company employs 886 people which represents approximately nine employees per 1,000 telephones in service. Long distance telephone service is provided by the Company over owned and leased lines between its 63 exchanges. Arrangements are in effect with Bell Canada and other telephone systems for the interchange of traffic with the North American mainland and other parts of the world. The Company is a member of the Trans-Canada Telephone System, an association of the major telephone companies across Canada, which provides a coast-to-coast microwave radio relay network of more than 32,000 miles.

The Company operates the principal telephone and communication system on the Island of Newfoundland, providing service to the Avalon Peninsula, the Burin Peninsula from Marystown south, central Newfoundland including Grand Falls, Bishop's Falls, Botwood and Point Leamington and on the west coast from Deer

Lake and Corner Brook south to Port-aux-Basques and Rose Blanche. These areas are interconnected to each other by circuits leased from Canadian National Telecommunications and by Company-owned facilities. The population of the area served by the Company at June 1, 1971, was approximately 358,000.

In order to meet the demand for modern communication services in the Province, the Company over the past decade has undertaken an extensive expansion and modernization program of plant and equipment. The Company continues to convert its manual exchanges to dial service and expects the remaining 3% of the Company's telephones now served on a manual basis will be converted by 1975. Direct Distance Dialing was introduced to more than 45% of its customers during 1970 and 1971 and the Company plans to increase this percentage to over 67% by the end of 1973. New techniques and equipment for construction and maintenance of the Company's plant and for accounting and record keeping operations are being employed in order to achieve greater operating efficiency. An increasing number of planning, engineering and accounting functions are being carried out by computer.

The following table sets forth certain statistical information which reflects the expansion of the Company's operations from December 31, 1961.

					As at December 31				
					1961	1968	1969	1970	1971
Number of Company-owned telephones									
Residence	....	....	....	....	37,371	56,988	60,743	64,460	70,753
Business	....	....	....	....	16,134	25,657	27,504	28,531	29,911
Total	....	....	....	....	<u>53,505</u>	<u>82,645</u>	<u>88,247</u>	<u>92,991</u>	<u>100,664</u>
Percent dial	....	....	....	....	97.5%	94.2%	94.7%	96.1%	97.1%
Telephone property before depreciation					\$21,766,871	\$50,393,805	\$55,379,535	\$62,475,742	\$70,020,022
Number of employees					521	835	849	835	886
Number of calls									
Local calls (estimated)		....	....		178,000,000	277,000,000	300,000,000	330,000,000	346,000,000
Long distance messages		....	....		1,992,918	4,605,893	5,002,156	5,121,352	5,556,526
Total operating revenues		....	....		\$3,263,824	\$11,675,793	\$13,261,627	\$17,450,266	\$19,174,109
Construction expenditures		....	....		\$2,255,141	\$ 6,708,206	\$ 6,514,027	\$ 8,044,828	\$ 8,642,025

The Company has a Service Agreement with Bell Canada under which it receives, for a consideration, the benefit of Bell Canada's operating and technical knowledge. The services provided include marketing, engineering, technical and operating information and advice in respect to construction, maintenance, repair and operations.

The Company presently has approximaetly 950 employees of whom 50% are members of the International Brotherhood of Electrical Workers. Of the unionized employees, 217 are plant personnel covered by a contract which became effective April 1, 1972, and which expires on March 31, 1974, and 265 are traffic personnel covered by a contract which became effective on September 1, 1972, and which expires on August 31, 1974. The remaining employees of the Company are not unionized.

The following sets forth the Company's depreciation policy:

Commencing July 1, 1966, the provision for depreciation has been calculated at rates for each class of plant determined by the Company's engineers and approved by the Board of Commissioners of Public Utilities of Newfoundland. Prior to July 1, 1966, depreciation was provided in varying amounts, not exceeding the rate of 3.3%, approved by the Board of Commissioners on January 14, 1952, which resulted in an accumulated depreciation deficiency at June 30, 1966, estimated at \$3,390,000.

Effective January 1, 1967, the Company began to amortize the accumulated depreciation deficiency at the rate of \$170,000 per annum. This amortization was subsequently cancelled by the Board of Commissioners by its Order No. 6 dated March 27, 1968, ordering the Company to account for the accumulated depreciation deficiency in the following manner:

(1) A charge against retained earnings	\$ 218,500
(2) The elimination of the deferred credits — income taxes at June 30, 1966	1,673,000
(3) The setting up of the remaining amount in a special account, which is to be amortized over a period of 20 years commencing on January 1, 1968	1,498,500
	<u>\$3,390,000</u>

The depreciation expense for each of the years ended December 31, 1968, 1969, 1970 and 1971 includes \$74,925 and for the six (6) months ended June 30, 1971, and June 30, 1972, was \$37,463 representing the amortization of the remaining amount set up under deferred charges.

During the ten years ended December 31, 1971, the Company's gross operating revenues increased from \$3.3 million to \$19.2 million, and the gross telecommunication plant and equipment increased from \$21.8 million to \$70.0 million. Reference is also made to the "Statement of Income" and "Statement of Retained Earnings" on page 17 of the prospectus included herein.

INCORPORATION

The Company was incorporated by Memorandum and Articles of Association May 31, 1919. The Memorandum and Articles of Association have been amended from time to time since incorporation all as at the following dates, namely: November 1, 1919; June 23, 1921; December 13, 1923; June 8, 1930; October 24, 1940; September 4, 1947; May 11, 1954; October 3, 1955; October 25, 1955; April 17, 1956; May 15, 1957; May 26, 1958; November 10, 1959; May 16, 1961; July 11, 1962; June 3, 1964; April 3, 1968; April 9, 1969; March 22, 1972, and July 28, 1972.

Certain of these amendments relate to changes in the capital structure of the Company; however, reference is made to the "Capitalization" table on page 12 and to "Notes to the Financial Statements" on pages 18 to 20 of the prospectus included herein.

SHARES ISSUED DURING PAST TEN YEARS

Since incorporation, the capital structure of the Company has been changed by (i) the subdivision of and increase of the authorized ordinary share capital, which said analysis is set out in the table below, and (ii) by the periodic creation, and total or partial allotment, issue, redemption and cancellation or conversion of various earlier classes of preferred shares. By an Order of The Supreme Court of Newfoundland granted August 8, 1972, the authorized capital of the Company was reduced by \$12,500,000 in the following manner:

- (a) The 433,330 Cumulative, Redeemable Preference Shares of the par value of \$25 each, of which (i) 163,330 have been issued and redeemed by the Company, and (ii) 270,000 had not been issued by the Company;
- (b) The 16,000 7% Cumulative Redeemable Convertible Preference Shares of the par value of \$25 each, all of which have been issued by the Company, and of which (i) 15,194 have been redeemed by the Company, and (ii) 806 were converted into ordinary shares of the Company;
- (c) The 24,729 6% Cumulative Redeemable Convertible Preference Shares of the par value of \$25 each, all of which have been issued by the Company, and of which (i) 24,102 have been redeemed by the Company, and (ii) 627 were converted into ordinary shares of the Company;
- (d) The 25,941 5% Cumulative Redeemable Convertible Preference Shares of the par value of \$25 each, all of which have been issued by the Company, and of which (i) 25,559 have been redeemed by the Company, and (ii) 382 were converted into ordinary shares of the Company.

The capital of the Company was duly increased by Special Resolution of the Shareholders, July 28, 1972, by the creation of the 250,000 7.25% Cumulative Redeemable Preferred Shares of the par value of \$20 each, the preferences, priorities, rights, restrictions, conditions and limitations of which form part of the Articles of Association of the Company and which are set out at length in the Schedule to the Prospectus (the "Prospectus") included herein and forming part of this Listing Statement.

ORDINARY SHARE CAPITAL

Dates	Authorized Ordinary Share Capital and increases thereto		Issued and Outstanding	
May 31, 1919	8,000 shares P.V.	\$25	3 shares	
June 23, 1921	4,000 shares P.V.	\$25	8,000 shares	
September 4, 1947	20,000 shares P.V.	\$25	9,454 shares	
October 3, 1955	Subdivision of Ordinary shares 5 for 1 became			
	32,000 shares P.V.	\$25	22,941 shares became	
	160,000 shares P.V.	\$ 5	114,705 shares	
			Issued	Issued and Outstanding
1955	340,000 shares P.V.	\$ 5	1955 56,875	\$ 114,705
			1956 66,670	181,375
			1957 62,050	243,425
			1958 41,333	284,758
1959	1,000,000 shares P.V.	5	1959 66,800	351,558
			1960 560	352,118
			1961 104,360	456,478
			1962 65,640	522,118
			1963 311,958	834,076
1964	2,500,000 shares P.V.	5	1964 1,702,246	2,536,322
			1965 5,630	2,541,952
			1966 —	2,541,952
			1967 634,461	3,176,413
1968	2,000,000 shares P.V.	5	1968 635,282	3,811,695
			1969 635,282	4,446,977
			1970 635,282	5,082,259
			1971 —	5,082,259
1972	3,000,000 shares P.V.	5	1972 —	5,082,259
			9,000,000 shares P.V.	\$45,000,000
			5,082,259 shares P.V.	\$25,411,295

6. STOCK PROVISIONS AND VOTING POWERS

Each ordinary share is entitled to one vote providing there are no calls thereon, is entitled to dividends if, as and when declared by the Board of Directors out of monies properly applicable to the payment of dividends, and is entitled upon liquidation to receive *pro rata* such property and assets of the Company as are distributable to holders of ordinary shares subject nevertheless to the rights of the holders of the 7.25% Cumulative Redeemable Preferred Shares as hereinafter described. The ordinary shares have no pre-emptive or conversion rights.

The preferences, priorities, rights, restrictions, conditions and limitations attaching to the 7.25% Cumulative Redeemable Preferred Shares of the par value of \$20 each are (i) summarized on pages 13 and 14 of the Prospectus forming part of this application, and are (ii) set out at length on pages 22 to 26 both inclusive of the said Prospectus.

7. DIVIDEND RECORD

The Company's dividend record on its ordinary shares outstanding for the last five years has been as follows:

	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>
Total Dividends Paid	\$635,283	\$1,461,150	\$1,651,734	\$1,956,670	\$2,312,428
Per Ordinary Share	\$0.20	\$0.40	\$0.40	\$0.41	\$0.455

During the nine months ended September 30, 1972, the Company declared and paid dividends on its ordinary shares in the amount of \$0.37½ per share compared with \$0.33 per share during the nine months ended September 30, 1971.

The holders of the 7.25% Cumulative Redeemable Preferred Shares shall be entitled to receive and the Company shall pay thereon as and when declared by the Board of Directors out of monies properly applicable to the payment of dividends, fixed, cumulative, preferential, cash dividends, at the rate of \$1.45 per share per annum and no more, such dividends to accrue from September 22, 1972, and to be payable quarterly on the fifteenth days of March, June, September and December in each year by cheque at par in lawful money of Canada at any branch in Canada of the Company's bankers. If on any dividend payment date the dividend payable on such date is not paid in full on all of the Preferred Shares then issued and outstanding such dividend, or the unpaid part thereof, shall be paid out of monies properly applicable to the payment of dividends on a subsequent date or dates as and when determined by the Board of Directors. The holders of the Preferred Shares shall not be entitled to any further or other dividends than those expressly provided for herein. The first such dividend will be paid on December 15, 1972, to Preferred shareholders of record on December 1, 1972. It is anticipated that future record dates will be the 1st days of March, June, September and December in each year with payments on the 15th days of such months.

8. RECORD OF PROPERTIES

The physical property of the Company consists of land, buildings, plant and equipment including poles, wire, cable, underground conduit, microwave radio relay equipment, central office equipment, telephone equipment on customers' premises, motor vehicles, office furniture, other miscellaneous equipment and construction in progress. As at December 31, 1971, gross telephone property amounted to approximately \$70 million. The Company's 95 buildings, together with its other plant, apparatus and equipment are located throughout the territory it serves.

The Company leases circuit facilities on certain of its major routes and leases land and buildings to provide for equipment and office space. Rental expenses under these lease arrangements will amount to approximately \$1,940,000 in 1972.

9. SUBSIDIARY COMPANIES

The Company does not have any subsidiaries, nor does it control any companies.

The Company is, however, participating in the ownership of Telesat Canada which was incorporated under the Telesat Canada Act for the purpose of establishing a national satellite telecommunication system. The Company is one of the approved telecommunication carriers authorized to subscribe for shares of Telesat Canada. At June 30, 1972, the Company had purchased 30,000 shares for the sum of \$300,000, representing 0.5% of the outstanding shares of Telesat Canada.

10. FUNDED DEBT

	<u>Issued</u>	<u>Outstanding as at September 30, 1972</u>
Long-Term Debt		
First Mortgage Sinking Fund Bonds (a)		
Series 5½% due May 1, 1973	\$ 500,000	\$ 405,000
Series 5½% due May 15, 1977	1,500,000	1,215,000
Series 5½% due June 1, 1978	1,000,000	840,000
Series 6% due June 1, 1979	1,000,000	820,000
Series 7% due May 1, 1980	2,000,000	1,780,000
Series 9¼% due May 15, 1990(b)	7,500,000	7,500,000
Series 8⅝% due April 15, 1992	7,500,000	7,342,000
		<u>\$19,902,000</u>

	Issued	Outstanding as at Septmeber 30, 1972
First Mortgage Bonds		
Series 7 $\frac{7}{8}$ % due November 1, 1978	\$ 500,000	\$ 500,000
Series 5 $\frac{1}{2}$ % due June 1, 1988	3,000,000	3,000,000
Series 7% due December 15, 1991	3,000,000	3,000,000
Series 7 $\frac{7}{8}$ % due November 1, 1993	2,500,000	2,500,000
		<hr/> \$28,902,000 <hr/>

- (a) Each of the seven series of First Mortgage Sinking Fund Bonds has a sinking fund requiring payment by the Company in each year of an amount equal to 1%, except for the series 9 $\frac{1}{4}$ % and 8 $\frac{5}{8}$ % Bonds. The Series 9 $\frac{1}{4}$ % and 8 $\frac{5}{8}$ % Bonds require payment by the Company in each year commencing in 1975 and 1972 respectively of an amount equal to 2%, of the issued aggregate principal amount of each such series.

The aggregate amount of payments estimated to be required in each of the next five years to meet maturities and sinking fund obligations of those series of first mortgage bonds of the Company presently outstanding are as follows: \$567,000 in 1973, \$170,000 in 1974, \$320,000 in 1975 and \$330,000 in 1976.

- (b) The holder of any 9 $\frac{1}{4}$ % Bond has the right to elect that the Company shall repay the principal amount of such Bond on May 15, 1975, providing the holder shall present the same with written notice of such election to the Trustee after May 15, 1974, and prior to November 15, 1974.

Notes Payable

The Company incurs from time to time demand bank loans (unsecured) which when outstanding represent interim financing incurred in the expansion of the Company's operations. As at September 30, 1972, there were no notes payable.

11. OPTIONS, UNDERWRITINGS, ETC.

There are no underwriting agreements outstanding.

Under agreement dated September 6, 1972, between the Company and Pitfield, Mackay, Ross & Company Limited and Nesbitt Thomson Securities Limited (the "Underwriters"), the Company agreed to sell and the Underwriters severally agreed to purchase the 250,000 7.25% Cumulative Redeemable Preferred Shares of the par value of \$20 each offered by this prospectus at a price of \$20 per share payable in cash against delivery of certificates representing the said Preferred Shares on or about September 22, 1972, and in any event not later than October 18, 1972, upon and subject to the terms and conditions set forth in the agreement. The Company agreed to pay and did pay the Underwriters a commission of \$0.74 per share.

The Preferred Shares were taken up and paid for by the Underwriters on September 22, 1972, and were offered to the public in all provinces of Canada on September 22, 1972, through the Underwriters and other registered investment dealers and brokers.

There are no outstanding options, underwritings, sale agreements or other contracts of a like nature with respect to any unissued shares or issued shares held for the benefit of the Company.

12. LISTING ON OTHER STOCK EXCHANGES

An application has been made concurrently herewith to list the 250,000 7.25% Cumulative Redeemable Preferred Shares of the Company upon The Montreal Stock Exchange.

13. STATUS UNDER SECURITIES ACT

The prospectus of the Company dated September 6, 1972, has been filed with each of the Securities Commissions or similar authority in each province of Canada and each such authority has issued its consent or receipt for the prospectus in order to enable registered investment dealers or brokers to offer 250,000 7.25% Cumulative Redeemable Preferred Shares having a par value of \$20 each of the Company for sale to the public in all provinces of Canada, all pursuant to an Underwriting Agreement between the Company, Pitfield, Mackay, Ross & Company Limited and Nesbitt Thomson Securities Limited. The Underwriters offered the said shares to the public on September 22, 1972, and all deliveries have been made. A Certificate of No Material Change of the Company is being filed herewith.

14. FISCAL YEAR

The fiscal year of the Company ends on December 31 of each year.

15. ANNUAL MEETINGS

The Articles of Association of the Company provide that general (annual) meetings shall be held once in each year, at such time and place as may be determined by the Board of Directors. Such meetings are customarily held in March or April of each year. The last such meeting of the shareholders of the Company was held on March 22, 1972. The last annual report of the Company to the Shareholders contained an Auditors Report which was dated January 25, 1972.

16.

REGISTERED AND PRINCIPAL OFFICE

The address of the registered or head and principal office of the Company is at 343 Duckworth Street, St. John's, Newfoundland.

17.

REGISTRAR AND TRANSFER AGENT

Montreal Trust Company is the Registrar and Transfer Agent of the Company at the following addresses:

St. John's Newfoundland	—	253 Duckworth Street
Halifax, Nova Scotia	—	1695 Hollis Street
Montréal, Québec	—	1 Place Ville Marie
Toronto, Ontario	—	15 King Street West
Winnipeg, Manitoba	—	213 Notre Dame Street
Calgary, Alberta	—	411-8th Avenue S.W.
Vancouver, British Columbia	—	466 Howe Street

Share Certificates are mutually interchangeable at the above referred to addresses of the Transfer Agent; no fee is charged on stock transfers other than the customary Government stock transfer taxes.

18.

AUDITORS

The auditors of the Company are Messrs. Touche Ross & Co., Chartered Accountants, 1 Place Ville Marie, Montréal, Québec.

19.

DIRECTORS AND OFFICERS

The names and home addresses in full of the directors and officers of the Company, the positions and offices held by each, and their principal occupations within the five preceding years, are as follows:

<u>Name and Address</u>	<u>Office</u>	<u>Principal Occupation</u>
Lewis Haldane Miller Ayre 25 King's Bridge Road St. John's, Newfoundland	Chairman of the Board and Director	Chairman and President of Ayre & Sons, Limited
Anthony August Brait 21 Rennie's Mill Road St. John's, Newfoundland	President and Managing Director	President of the Company
Henry Collingwood King's Bridge Court St. John's, Newfoundland	Director	President, Baine Johnston & Co. Ltd.
George Leslie Henthorn 115 Charnwood Road Beaurepaire, Québec	Director	Comptroller, Bell Canada
Harold Leslie Lake 1 Portugal Cove Road St. John's, Newfoundland	Director	Executive Vice-President H. B. Clyde Lake Ltd.
Arthur Raymond Lundrigan 40 West Valley Road Corner Brook, Newfoundland	Director	President, Lundrigans Ltd.
The Hon. Fabian Aloysius O'Dea, Q.C. 12 Winter Place St. John's, Newfoundland	Director	Legal Counsel in the firm of O'Dea, Greene & Neary
Francis John O'Leary 25 Winter Avenue St. John's, Newfoundland	Director	Chairman, the St. John's Housing Corporation
Donald Charles Parker 69 Lincoln Road Grand Falls, Newfoundland	Director	Resident General Manager Price (Nfld.) Pulp & Paper Ltd.
Basil Richmond Pryde Corner Brook House Corner Brook, Newfoundland	Director	President and General Manager, Bowaters Newfoundland Limited
John Floyd Stinson 150 Sherwood Drive Ottawa, Ontario	Director	Vice-President, Bell Canada
Gerard Richard Hanley 66 St. Clare Avenue St. John's, Newfoundland	Secretary	Secretary of the Company
David Adey 5 Bally Haly Place St. John's, Newfoundland	Treasurer	Treasurer of the Company

All of the above officers and directors have been associated with the companies or firms indicated in the above table for the five preceding years with the following exceptions:

Mr. A. Brait became President of the Company in 1970, prior to which he held several executive appointments with Bell Canada.

Mr. D. Adey became Treasurer of the Company in 1968, prior to which he was a senior officer in the Provincial Civil Service of Newfoundland.

Mr. F. O'Leary became Chairman of the St. John's Housing Corporation in 1972, prior to which he was President of F. M. O'Leary Limited.

CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors on September 6, 1972, NEWFOUNDLAND TELEPHONE COMPANY LIMITED hereby applies for listing of the above-mentioned securities on The Toronto Stock Exchange and the undersigned officers hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

NEWFOUNDLAND TELEPHONE COMPANY LIMITED



"A. A. BRAIT",
President

"DAVID ADEY",
Treasurer

DISTRIBUTION OF PREFERRED STOCK AS OF OCTOBER 27, 1972

<u>Number</u>							<u>Shares</u>
200	.....	Holders of	1	—	24 share lots	.....	9,248
262	.....	" "	25	—	99 " "	.....	28,530
130	.....	" "	100	—	199 " "	.....	28,885
45	.....	" "	200	—	299 " "	.....	13,922
15	.....	" "	300	—	399 " "	.....	6,100
77	.....	" "	400	—	499 " "	.....	41,025
36	.....	" "	500	—	999 " "	.....	122,290
—	.....	" "	1000	—	up " "	.....	—
<u>765</u>		Shareholders			Total Shares		<u>250,000</u>

